Innovative Biomass-to-Renewable
Energy Solutions

30 Century Hill Drive, Suite 101
Latham, NY 12110
(518) 810-0200
www.reenergyholdings.com

TESTIMONY OF
ReEnergy Holdings LLC

Regarding

Proposed Substitute Bill No. 1138 (LCO No. 4767)
An Act Concerning Connecticut's Clean Energy Goals

Submitted by
Larry D. Richardson
Chief Executive Officer

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Submitted verbally and via email to et.testimony@cga.ct.gov

Mr. Chairman; Madame Chairwoman; members of the committee: My name is Larry Richardson and I am Chief Executive Officer of ReEnergy Holdings LLC. I am here today to testify in opposition to Bill 1138. ReEnergy owns and operates facilities that use biomass and other residual fuels to produce renewable energy in three states in the Northeast, including a facility in Sterling, CT.

ReEnergy's 31-megawatt facility in Sterling employs approximately 30 local residents and supports many more indirect jobs within Connecticut. ReEnergy made a substantial investment in the Sterling facility so that it could co-fire biomass and qualify as Class I eligible. As of last fall when we started generating electricity using sustainable biomass, we had full expectations that our Sterling facility would become the first utility-scale power plant in the state of Connecticut to generate in-state Class I RECs from biomass. In fact, we are in the process of increasing the ability of the facility to generate even more in-state RECs from local biomass. This bill would without warning kill those expectations and threaten the viability of this Connecticut facility.

We are deeply troubled by some of the provisions of Substitute Bill 1138:

1. Our facility in Sterling, CT would be harmed by the provision that any biomass facility not certified as Class I eligible as of December 31, 2012 not be eligible as Class 1 unless it began operation on or after July 1, 2003. Our company chose to invest millions of dollars in recent upgrades to the Sterling facility so that it could be certified as Class I eligible. These investments occurred after receiving a Declaratory Ruling on May 11, 2011 stating that the facility would be eligible if the retrofits were made. The Sterling facility met all standards in the fourth quarter of 2012 and is currently awaiting certification from PURA. Not only would this provision hurt the employees and vendors at our eastern CT facility; it would limit new supply and remove important in-state generated RECs from the market. There are other facilities where similar investments have been or are being made in reliance on the existing Connecticut eligibility requirements.

2. The provision that would eliminate C&D as an eligible resource for some facilities would create an artificial advantage for the Plainfield plant in the use of recovered C&D wood as a fuel and send Connecticut backward in its work toward meeting REC targets. It also would harm recycling companies here in Connecticut -- like Willimantic Waste – that have had these facilities as an option for several years and would likely result in increased fees and harm the environment by creating a disincentive for recycling in the state.

3. Regarding the provision that beginning January 1, 2014, biomass facilities must purchase RGGI allowances to offset emissions related to transportation of such fuels to eligible Class I facilities: Full life cycle accounting of carbon from wood residue power generation has already been completed, with the result that the process is carbon neutral. Therefore, this provision appears to be arbitrary.

4. This bill also creates a new sub-tier in the Class I standard called the "Class I contracted tier renewable energy source." This new energy source definition includes any and all hydro (including large-scale reservoir-based hydro) that has been constructed since 2003. While not strictly generating Class I RECs, these facilities have the ability to supplant Class I REC sales in increasing increments from 2014 through 2025. This new type of renewable carve-out stunts renewable investment in Connecticut by shifting demand away from Class I sources and creating additional uncertainty in the REC market.

In all, we estimate that this legislation would destabilize the market and needlessly remove new supply for RECs at precisely the time when we are all searching for ways to meet the "cleaner, cheaper, more reliable" challenge. It would harm many CT-based renewable energy companies all along the supply chain, which represent a significant number of jobs.

We believe strongly in the importance of diversity of energy sources participating in the REC market, including bioenergy. This legislation would harm the bioenergy sector of the renewable energy industry, in addition to other sectors. Wholesale changes such as those presented here damage market stability for RECs and, in light of the substantial investments that have already been made in reliance on the existing RPS eligibility criteria, will have a chilling effect on the ability to attract capital to finance new projects that this legislation purports to promote, as institutional investors will lose all faith in the long term integrity of the RPS program.

In closing, we share others' concerns about the hurried nature of this hearing and the anticipated timetable of the committee's consideration. We urge the Legislature to exert due diligence, and to allow time for appropriate stakeholder input, public scrutiny, consideration of the legislation's significant ramifications, and full review of the RPS study that has yet to be issued by DEEP.

Thank you for considering our views. If we can be of any further assistance, please don't hesitate to contact us.